



2016 Budget Overview

City Manager's Recommendations

City Commission Work Session

11.11.15



Today's Work Session

1. Overview of New Budget Process
2. Total Operating Sources
3. General Fund Revenue Estimates Assumptions
4. Summary of Expenditure Budgets
5. Capital Equipment Allocations
6. Discussion of Special Issues
7. Department Presentation Schedule

Brief Background



1. November, 2014 various charter amendments approved including an amendment that identifies the components of the City's budget.
2. In 2015, City Commission adopted a new budget ordinance. Major components:
 - a) Policy focus
 - b) Program Goals and Performance Measures
 - c) Emphasis on Outcome Metrics
 - d) Financial Policies

Policy-Based Budget Explained

The Four Ps

- 1. WHY** are we changing the Budget Process?
To allocate resources to more directly meet the **Policy** Objectives and **Priorities** outlined by the City Commission and obtained through various community engagement forums.
- 2. To WHAT** areas are we allocating the resources?
Programs (Divisions) in the Community Services Areas (CSAs).
- 3. HOW** will we measure the effectiveness and efficiency of resource allocation?
Community outcome metrics supported by CSA Program **Performance** measures.



Economic and Community Development	Justice	Building and Environmental Safety	Infrastructure	Corporate Services	Governance
Foster a viable, sustainable and healthy urban community by providing quality amenities, economic opportunities and affordable housing options	Ensure a just and secure city where individuals, families and organizations can live, work and thrive	Safeguard the city's physical environment through the provision of services that protect people and property	Invest, maintain and improve the city's public assets to promote development, public safety and community value	Support and facilitate the provision of quality City services	Ensure the efficient and effective use of tax payer dollars in providing City Services while fostering a fair and just community
1. Provide Quality Services with Excellent Customer Service	1. Provide Quality Services with Excellent Customer Service	1. Provide Quality Services with Excellent Customer Service	1. Provide Quality Services with Excellent Customer Service	1. Provide Quality Services with Excellent Customer Service	1. Provide Quality Services with Excellent Customer Service
2. Demolish Blighted Properties	2. Reduce Gun Violence	2. Demolish Blighted Properties	2. Increase Investment in Roads	2. Maintain Financial Stability	2. Maintain Financial Stability
3. Incent Wealth Creation and Entrepreneurship	3. Support Police-Community Relations	3. Incent Wealth Creation and Entrepreneurship	3. Optimize Organizational Efficiency through use of Equipment/Technology	3. Encourage Employee Wellness	3. Ensure Clear Communication and Transparency
4. Create Opportunities for Youth	4. Create Opportunities for Youth	4. Prevent Loss Due to Fire	4. Be Recognized as Regional Leader for Water Supply, Reclamation and Treatment	4. Encourage Employee Development	4. Maintain Accountability to Public
5. Welcome and Support Immigrants	5. Welcome and Support Immigrants	5. Promote Green Initiatives	5. Improve Infrastructure Condition Ratings	5. Improve Workforce Diversity	
6. Foster a City of Learners	6. Improve Workforce Diversity	6. Improve Workforce Diversity	6. Ensure a Fair and Equitable Water Control	6. Optimize Organizational Efficiency through use of Technology	
	7. Promote MBE/Local Participation			7. Enhance IT Systems	
				8. Improve Condition of City Facilities	
1. Job Creation/Investment in the City	1. Personal and Property Crimes	1. Response Times	1. Pavement Condition Index	1. Workforce Demographics	1. Percentage of Voter Turnout
2. Median Household Income	2. Crimes Involving Guns	2. Permits Issued	2. Water Quality and Volume	2. % MBE/Local Participation	2. Community Interaction
3. Percentage of Vacant Structures	3. Police-Community Interaction Survey	3. Fire Damage	3. Waste Water Effluent Quality	3. City's Bond Rating	3. City's Bond Rating
4. Office Occupancy Rate	4. Court Diversions	4. Percentage of Vacant Structures	4. Severe Weather Response	4. Accountability and Transparency to the Public	4. Accountability and Transparency to the Public
5. Mean Property Value (Sales Data)	5. Incarceration and Recidivism	5. Recycling Tonnage	5. Inventory of Healthy/Diseased Trees	5. Support all Community Outcomes	5. Support all Community Outcomes
6. Third Grade Reading Level	6. Police-Youth Engagements	6. Carbon Footprint	6. Park and Open Space Condition		
7. Summer Learning Opportunities	7. Recruit Demographics	7. Recruit Demographics			
8. Immigrant Population & Investment	8. Percent MBE/Local Participation	8. Exterior Housing Condition			
9. Recreational Opportunities		9. Mean Property Value (Sales Data)			
10. Airport Passenger Enplanements					
Economic Development (Business Assistance and Development)	Patrol Operations (includes street patrol and detectives)	Fire Support Services (including Fire Fleet)	Capital Infrastructure Investment	Finance-Tax and Accounting	City Commission Office
Zoning Administration	Police Investigations and Administration	Fire Prevention and Investigation	Street Maintenance (includes Parks and Forestry)	Utility Revenue Collection	City Manager's Office
Planning	Prisoner Security	Fire Suppression	Civil Engineering	Purchasing	Office of Mgmt & Budget
Development Fund	Municipal Court	Emergency Medical Assistance	Public Works Administration	Information Technology	Office of Public Affairs
Convention Center	Clerk of Courts	Housing Inspection	Capital Equipment	Human Resources	Law/Civil
Expo Center	Mediation Center	Building Inspection	Water Reclamation	Civil Service	
Community Development	Law/Prosecutor's Office	Waste Collection	Water Engineering	Fleet Management	
Recreation	Human Relations Council	Environmental & Wellfield Protection	Water Information Technology	Facilities Management	
Golf	(Should HRC be moved to Corp. Serv.?)		Water Supply and Treatment		
Aviation Support Services			Water Utility Field Operations		
Airport Operations and Facility			Water Administration		
Aviation Safety Services					
Airport Development					

Community Outcome Metrics



1. Our Policy-Based Budget seeks to allocate resources to City Programs that impact Community Priorities and Outcomes as established by the City Commission.

2. Each Community Service Area has several Community Priorities and Outcomes that will be targeted.
3. In order to illustrate impact or results, we must first identify where we are now as a baseline for comparison.
4. Annually the metrics will be updated, thus highlighting the changes in community outcomes compared to the baseline data.
5. This will allow us to track our progress in impacting community outcomes and influencing results.

Community Service Areas



1. Economic & Community Development
2. Justice
3. Building & Environmental Safety
4. Infrastructure
5. Corporate Services
6. Governance

What's New in this Process



1. In the past, our presentation focus was on the General Fund, Enterprise Funds and CDBG as discrete and separate units.
2. Our new focus is the Community Service Area and the programs that compose each area.
3. Accordingly, we will be combining the following parts of the City Budget in this overview as well as in the presentations of each respective Community Service Area:

Operating & Investments – General Fund, Roadway Maintenance, Enterprise Funds, Major Grants and Special Assessment Funds

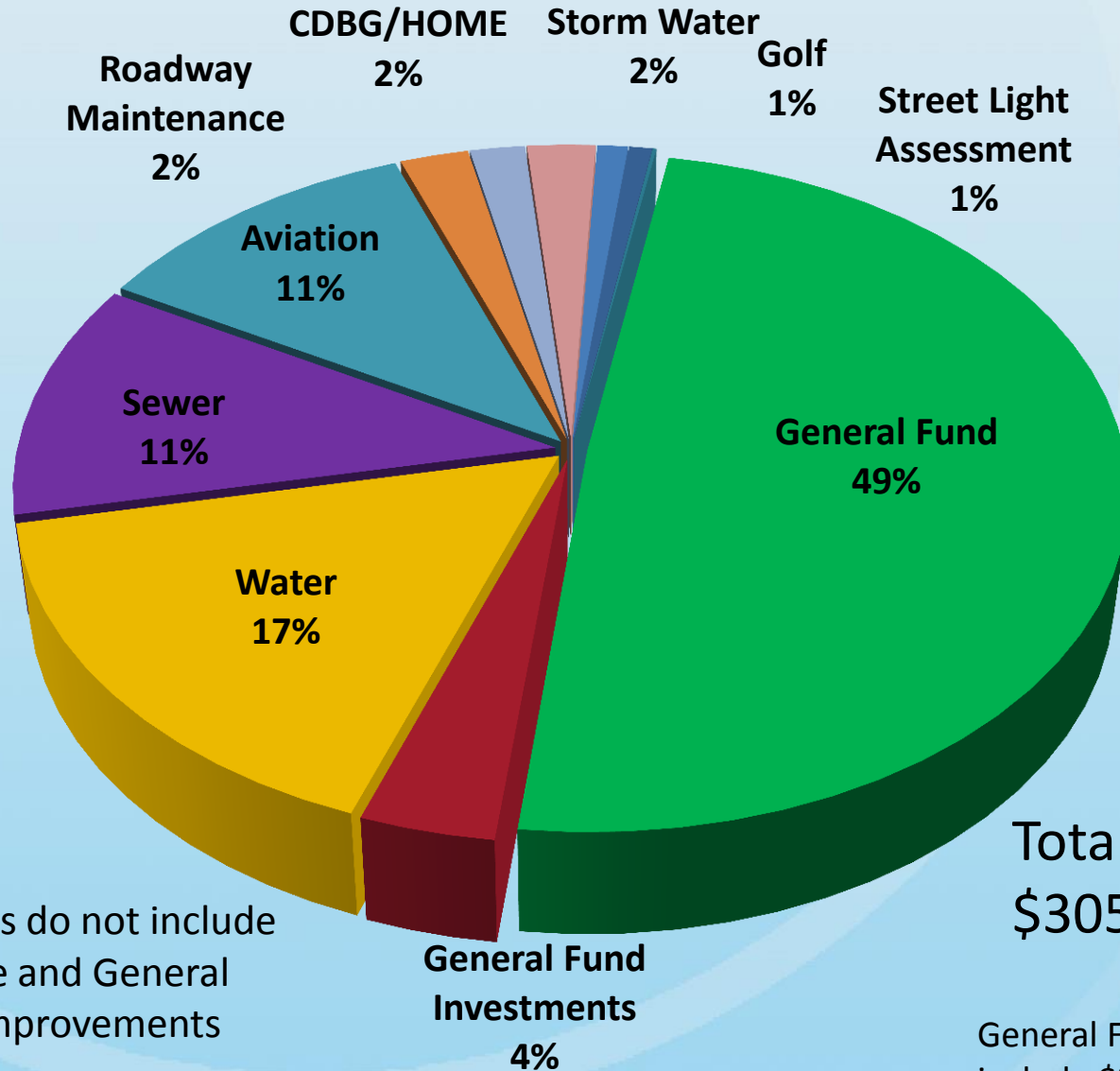
Capital Improvements – Enterprise and General Capital

What's New in this Process



4. We will not present Internal Service Funds, Bond Retirement, Non-major Grants and Other Special Revenue Funds.
5. Since our previous focus was discrete funds, with a specific focus on the General Fund, the magnitude of budget dollars in the new process will appear much larger.
6. Combining programs into Community Service Areas for synergistic impacts, does not increase the City's overall budget. It does mean we will be tracking budget performance and community outcomes on a different scale.

2016 Operating & Investments* Sources



Total Sources
\$305,378,600

*Investments do not include
Enterprise and General
Capital Improvements

General Fund Investments
include \$2.4M of Debt

Total 2016 Operating & Investments Sources



Sources	2015 Budget	2016 Budget	% Chg.
General Fund	\$ 145,494,200	\$ 149,910,300	3.0%
General Fund Investments	8,365,800	11,000,300	31.5%
Water	49,648,900	50,011,000	0.7%
Sewer	33,713,600	34,513,700	2.4%
Aviation	32,443,500	34,221,900	5.5%
Storm Water	7,116,800	7,046,200	-1.0%
Roadway Maintenance	5,890,800	5,671,800	-3.7%
CDBG/HOME	7,327,800	7,049,900	-3.8%
Golf	3,364,000	3,175,800	-5.6%
Street Light Assessment	2,300,400	2,377,800	3.4%
Law Enforcement Funds	508,400	399,900	-21.3%
Total Operating & Investments	\$ 296,174,200	\$ 305,378,600	3.1%

1. General Fund revenues are up 3% on higher income and property taxes offset by declines in LGF, Fees/Charges and Casino taxes.
2. General Fund investments are \$2.6M higher as a result of \$2.4M in debt financing.
3. Water revenue is expected to be stable given no rate increase.
4. Sewer revenue is expected to benefit from a reduction in bad debt expense.
5. Aviation revenue is expected to grow 5.5% due to higher airline rates and non-airline tenant income.

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6. Storm Water revenue forecast reflects current trends.
7. Roadway Maintenance revenue has been trending lower.
8. CDBG is projected to decline 3.5% and HOME 10%, offset by a slight increase in reprogrammed funds.
9. Golf revenue forecast is based on current trends.
10. Street Light revenue is expected to yield about the same level of revenue over the 6-year period.
11. Law Enforcement revenue reflects the current cash balances in these funds.

2016 General Fund Budget

General Fund	2012 Actuals	2013 Actuals	2014 Actuals	2015 Original Budget	2015 Revised Budget	2016 Original Budget	'15 Rev. to '16 Orig. \$ Chg.	'15 Rev. to '16 Orig. % Chg.
Revenues	155.1	156.0	155.2	153.9	158.1	158.5	0.4	0.2%
Use of Cash Reserve	0.0	0.0	1.7	2.5	2.5	1.5	(1.0)	-40%
27th Payroll Transfer	0.0	0.0	0.0	2.3	2.3	0.0	(2.3)	N.A.
Total Sources	155.1	156.0	156.9	158.6	162.9	160.0	(2.9)	-1.8%
Total Uses	151.8	154.7	156.9	158.6	162.9	160.0	(2.9)	-1.8%
Annual Balance	3.2	1.3	0.0	0.0	0.0	0.0	0.0	N.A.

Notes:

All numbers in \$ millions.

1. Does not include special projects, which are reported separately.
2. Budget numbers do not include appropriated fund balance.

1. \$1.0 million of cash reserve will be used to fund 2016 investments and, due to the new budget process, \$500,000 is a set-aside for contingency.
2. The 2016 revenue budget is \$4.6 million or 3% higher than the 2015 original budget; however, it is \$1 million lower than actual revenues in 1998.
3. The goal of the 2016 budget is to maintain current service levels.
4. The 2016 budget would be at least \$12 million higher if the state had not significantly slashed state-shared sources.

2016 General Fund Revenue Forecast

(all numbers in \$ millions)



Revenue Category	2012 Actuals	2013 Actuals	2014 Actuals	2015 Original Budget	2015 Revised Budget	2016 Original Budget	'15 Rev. to '16 Orig. \$ Chg.	'15 Rev. to '16 Orig. % Chg.
Income Tax	101.5	101.9	102.6	103.6	107.5	109.4	1.9	1.8%
Property Tax	6.0	5.7	5.7	5.2	5.4	5.4	0.1	1.8%
Local Gov't Fund	9.0	6.9	6.7	6.9	7.0	6.7	(0.3)	-4.9%
Fees/Charges/Other	33.3	33.7	31.4	29.6	29.9	28.6	(1.3)	-4.4%
EMS Fee	4.6	4.8	4.5	4.7	4.8	4.9	0.1	2.0%
Casino Revenue	0.7	3.0	3.2	3.3	3.1	3.0	(0.1)	-2.5%
Racino Payment	0.0	0.0	1.0	0.5	0.5	0.5	0.0	0%
Total Revenues	155.1	156.0	155.2	153.9	158.1	158.5	0.4	0.2%
Use of Cash Reserve	0.0	0.0	1.7	2.5	2.5	1.5	(1.0)	N.A.
Total Sources	155.1	156.0	156.9	156.4	160.6	160.0	(0.6)	-0.4%
27th Payroll Transfer	0.0	0.0	0.0	2.3	2.3	0.0	(2.3)	N.A.

General Fund Revenue Assumptions

Income Tax

1. Usual forecast method – 4 statistical and 1 qualitative method.
2. Assumes continued economic recovery.
3. Assumes no negative shocks from loss of major employer or legislative changes.

Property Tax

1. Assumes 96.2% collection rate (88.4% on current levy and 7.8% on delinquencies (based on 2015 activity).
2. Assumes \$20M in new assessed value from Racino.
3. Assumes remaining values same as 2015.

Local Government Fund

1. Assumes state certified estimate.
2. Assumes loss from “redirects” of \$750,000.
3. State law changes have reduced LGF by about \$9M since peak.



General Fund Revenue Assumptions

Fees/Charges

1. Assumes trend along with known changes.
2. Assumes the loss of \$1.8M in gross revenue from Public Safety Photo Enforcement due to its repeal.
3. Assumes \$1M reduction due to loss of Riverside contract.
4. Assumes increase in various fees including \$10 annual increase to waste collection fee, \$140,000 from Lot Links, and \$300,000 increase to indirect reimbursements.

EMS Fees

1. Assumes current trends in transports and higher collections.

Casino/Racino

1. Assumes 3% decline in Casino taxes due to gambling saturation.
2. Assumes \$500,000 payment in 2016 per Am. Sub. HB 64.



Property Tax Collection Rates

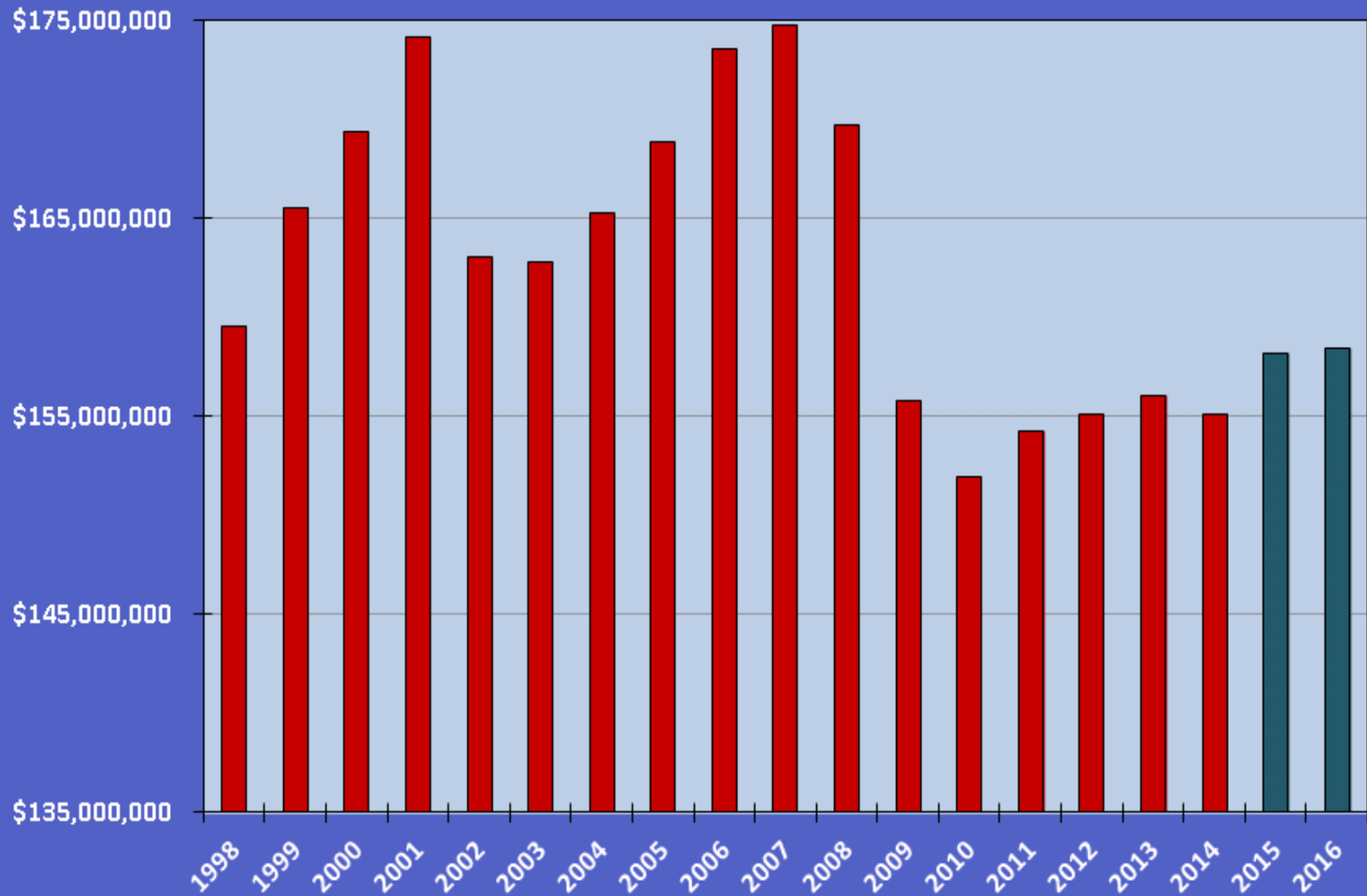


Collections	2012	2013	2014	2015
Residential	6,877,842	6,829,090	6,771,238	6,155,301
AR-Rollbacks/Homestead	1,954,683	1,950,139	1,939,453	1,769,875
Commercial/Industrial	3,783,015	3,707,643	3,776,791	3,710,989
Public Utility	788,185	845,358	927,277	906,841
Trailer	12,443	12,289	17,512	17,044
Tangible Personal Prop.	-	-	-	60
Delinquencies	982,606	895,002	1,136,015	1,109,564
Total	14,398,774	14,239,521	14,568,287	13,669,673
Total Value	1,572,433,810	1,527,043,290	1,545,990,210	1,420,769,660
10 Mills	15,724,338	15,270,433	15,459,902	14,207,697
	-11.0%	-2.9%	1.2%	-8.1%
% Delinquent	14.7%	12.6%	13.1%	11.6%
% Delinquency Collections	6.2%	5.9%	7.3%	7.8%
% Current Collection	85.3%	87.4%	86.9%	88.4%
% Total Collection	91.6%	93.2%	94.2%	96.2%

Values declined 8.1% but total property tax revenue decreased a lesser 5.6%, due to a higher collection rate (the highest since 2008).



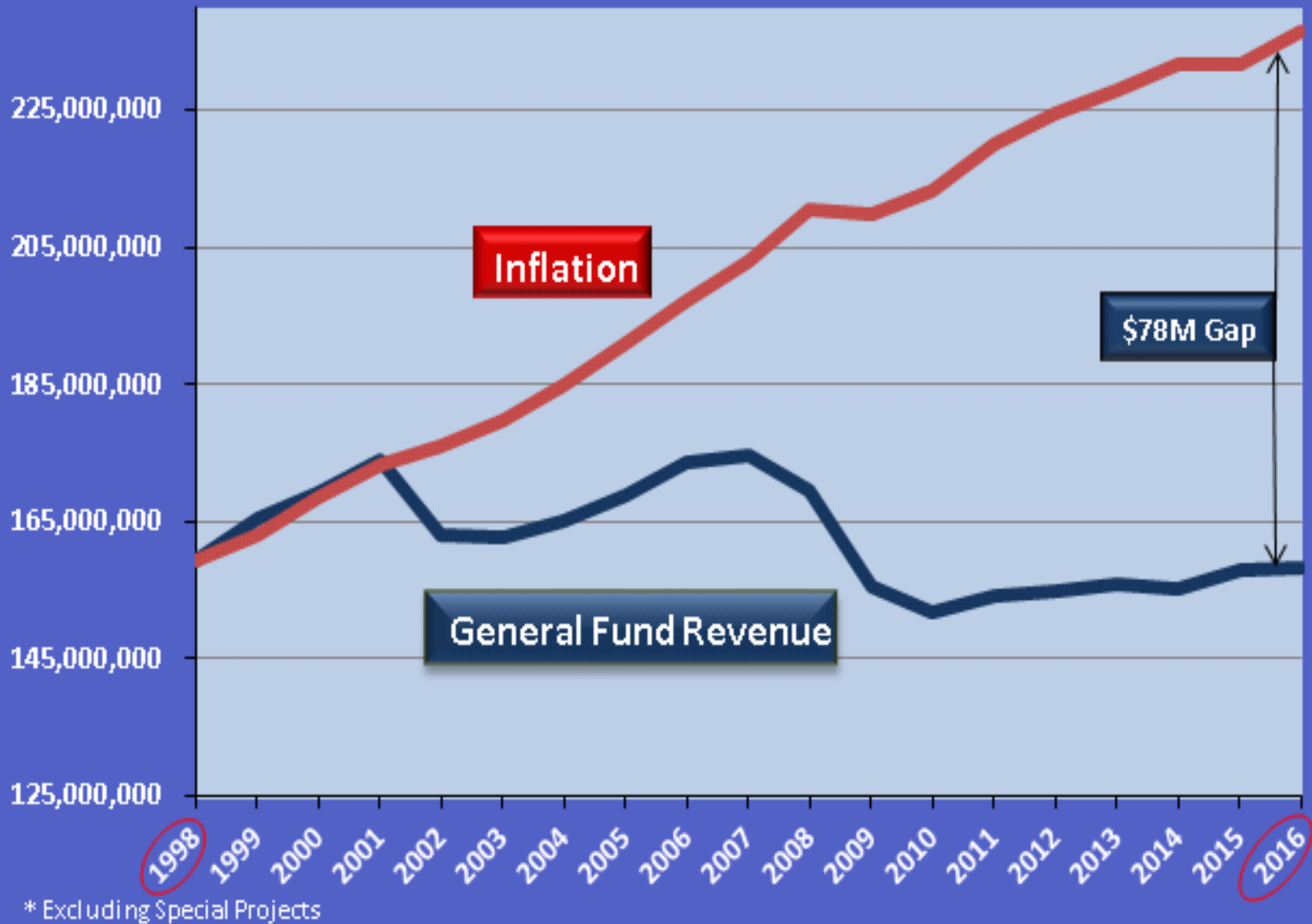
Total General Fund Revenue



* 2015 & 2016 are Estimates



General Fund Revenue* vs. Inflation



2016 Budget Highlights



1. Department reorganization (reduction in management staffing and better alignment of services).
2. Increased emphasis on customer service.
3. Modest increase waste collection fee (84 cents/month).
4. Use of general obligation debt to assist with funding equipment and infrastructure.
5. Investment in technology (new radio system, software implementation for Building/Housing Inspection, performance tracking/dashboards).
6. Loss of waste collection customers resulted in reductions in that division.
7. Minimum use of reserves.

Community Service Area Expenditures

Community Service Area	2015 Original Budget	2015 Revised Budget	2016 Recommended Budget	Pct. Chng. from Original Budget	Dollar Chng. fr. Original Budget
Economic and Community Development					
Economic Development	1,054,500	1,189,500	1,020,600	-3.2%	(33,900)
Zoning Administration	295,500	295,500	319,700	8.2%	24,200
Planning & Community Dev.	1,614,900	1,623,600	1,754,000	8.6%	139,100
Development Fund Transfers	2,500,000	2,500,000	2,750,000	10.0%	250,000
Convention Center	2,694,500	2,728,500	2,686,700	-0.3%	(7,800)
Expo Center	181,400	181,400	59,800	-67.0%	(121,600)
Recreation and Youth Service	3,476,000	3,606,800	3,705,000	6.6%	229,000
Aviation Fund	32,643,500	36,911,200	36,538,900	11.9%	3,895,400
Convention Center CE Debt	-	-	27,000	N/A	27,000
CDBG/HOME	7,327,800	7,049,900	7,089,900	-3.2%	(237,900)
Subtotal	51,788,100	56,086,400	55,951,600	8.0%	4,163,500
Justice					
Police	48,352,000	49,119,300	48,547,100	0.4%	195,100
Municipal Court	3,975,200	3,975,200	4,162,700	4.7%	187,500
Clerk of Courts	3,371,700	3,371,700	3,483,800	3.3%	112,100
Law (Prosecutor's Office)	1,134,100	1,143,700	1,299,300	14.6%	165,200
Human Relations Council	757,900	757,900	768,200	1.4%	10,300
Law Enforcement Funds	592,500	688,500	531,200	-10.3%	(61,300)
Subtotal	58,183,400	59,056,300	58,792,300	1.0%	608,900

Community Service Area Expenditures

Community Service Area	2015 Original Budget	2015 Revised Budget	2016 Recommended Budget	Pct. Chng. from Original Budget	Dollar Chng. fr. Original Budget
Building and Environmental Safety					
Fire	37,209,900	37,281,900	38,490,000	3.4%	1,280,100
Housing Inspection	874,000	874,000	986,000	12.8%	112,000
Building Inspection	1,633,600	1,633,600	1,718,500	5.2%	84,900
Waste Collection	11,743,800	11,868,800	10,060,100	-14.3%	(1,683,700)
Environmental Protection	75,000	75,000	86,200	14.9%	11,200
Fire CE Debt	-	-	1,325,000	N/A	1,325,000
Waste Collection CE Debt	-	-	626,600	N/A	626,600
Subtotal	51,536,300	51,733,300	53,292,400	3.4%	1,756,100
Infrastructure					
Capital Improvements Transfer	2,500,000	4,134,200	2,750,000	10.0%	250,000
Civil Engineering	1,655,500	1,655,500	1,678,300	1.4%	22,800
Public Works Administration	367,600	369,200	449,200	22.2%	81,600
Street Maint./Parks and Forestry	3,990,100	4,785,100	4,333,200	8.6%	343,100
Street Maintenance CE Debt	-	-	320,000	N/A	320,000
Civil Engineering CE Debt	-	-	130,000	N/A	130,000
Civil Engineering	2,000,000	2,000,000	2,040,000	2.5%	40,000
Street Maintenance	2,299,000	2,299,000	2,140,000	-6.0%	(259,000)
Water Fund	540,000	540,000	422,000	-27.7%	(4,188,100)
Sewer Fund	330,000	330,000	321,000	-2.9%	961,900
Storm Water Fund	6,896,300	6,980,800	7,052,400	2.3%	156,100
Golf	3,363,800	3,363,800	3,175,300	-5.6%	(188,500)
Street Lighting Assessment	2,304,600	2,304,600	2,377,800	3.2%	73,200
Subtotal	114,715,900	120,479,600	112,459,000	-2.0%	(2,256,900)

This should be in Economic and Community Development

Community Service Area Expenditures

Community Service Area	2015 Original Budget	2015 Revised Budget	2016 Recommended Budget	Pct. Chng. from Original Budget	Dollar Chng. fr. Original Budget
Corporate Services					
Finance	2,979,200	2,979,200	3,019,800	1.4%	40,600
Central Services	14,213,200	14,480,900	14,900,700	4.8%	687,500
Human Resources	882,900	1,057,900	1,141,600	29.3%	258,700
Civil Service	1,235,200	1,288,400	1,352,200	9.5%	117,000
Subtotal	19,310,500	19,806,400	20,414,300	5.7%	1,103,800
Governance					
City Commission Office	1,080,400	1,080,400	1,144,900	6.0%	64,500
City Manager's Office	1,226,600	1,235,600	1,336,000	8.9%	109,400
Management and Budget	882,000	1,023,000	991,500	12.4%	109,500
Public Affairs	659,600	674,600	733,100	11.1%	73,500
Law (Civil Division)	1,513,500	1,503,900	1,278,200	-15.5%	(235,300)
Subtotal	5,362,100	5,517,500	5,483,700	2.3%	121,600
Non Departmental	4,480,700	4,089,000	2,975,600	-33.6%	(1,505,100)
Grand Total Major Funds	<u>305,377,000</u>	<u>316,768,500</u>	<u>309,368,900</u>	1.3%	3,991,900

Note: Does not include General and Enterprise Capital Improvement Programs which will be presented separately.

General Fund Cash Reserve

(all numbers in \$ millions)



CASH RESERVE			
January 2015 Cash Reserve	\$	24.3	
Less Planned Use of Cash Reserve	\$	(2.5)	
Total 2015 Cash Reserve	\$	21.8	
Estimated 2015 Cash Reserve Range	\$	31.6	Maximum (10-weeks)
	\$	19.0	Minimum (6-weeks)
Reserve over Minimum	\$	2.8	
Less increase to cover 2016 Appropriation	\$	(0.1)	
Estimated Available Reserves	\$	2.8	Over Minimum
2016 Planned Use of the Cash Reserve	\$	(1.5)	
2016 Estimated Amount over Minimum	\$	1.3	

1. \$1.0M of the Cash Reserve is for Investments and, due to the new budget process, \$500,000 is a one-time source of contingency funds.
2. The cash reserve can fluctuate from year to year based on the amount of outstanding encumbrances at year end.

2016 Special Issues



1. We have made progress in terms of equipment and infrastructure replacement.
2. We still have significant shortfalls for funding major infrastructure (demolition, street resurfacing, local matches on transportation projects).
3. Long-term, cost of government will likely continue to outpace the growth in revenues.
4. Dayton Open Data will provide improved transparency for our residents and community partners (and quicker access to monthly financial data for departments).



2016 Recommended Capital Equipment And Technology Allocations

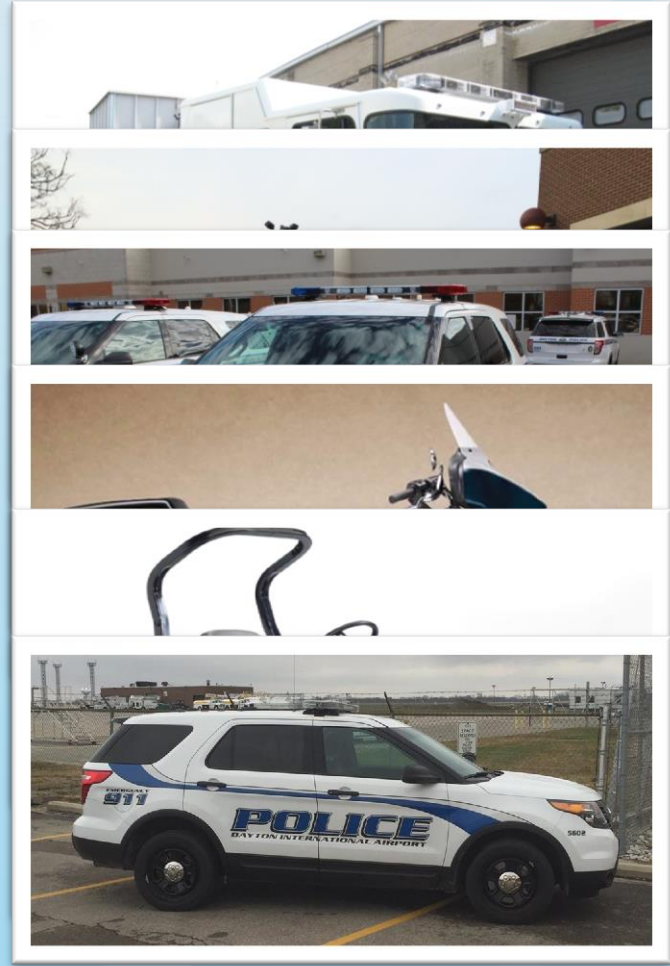
2016 Capital Equipment & Technology

TOTAL \$7.8M



1. Compact SUV (3)

development



2016 Capital Equipment & Technology

TOTAL \$7.8M



City of Dayton, Ohio



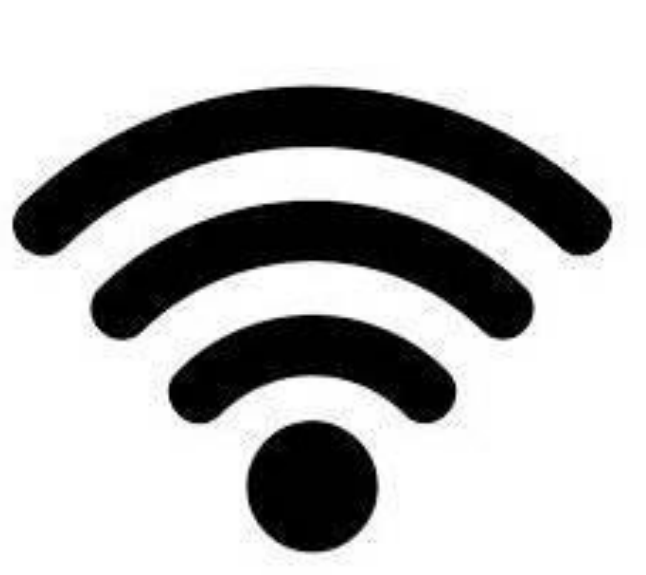
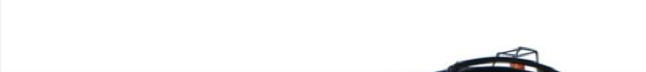
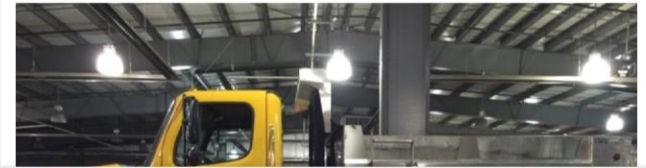
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2016 Capital Equipment & Technology

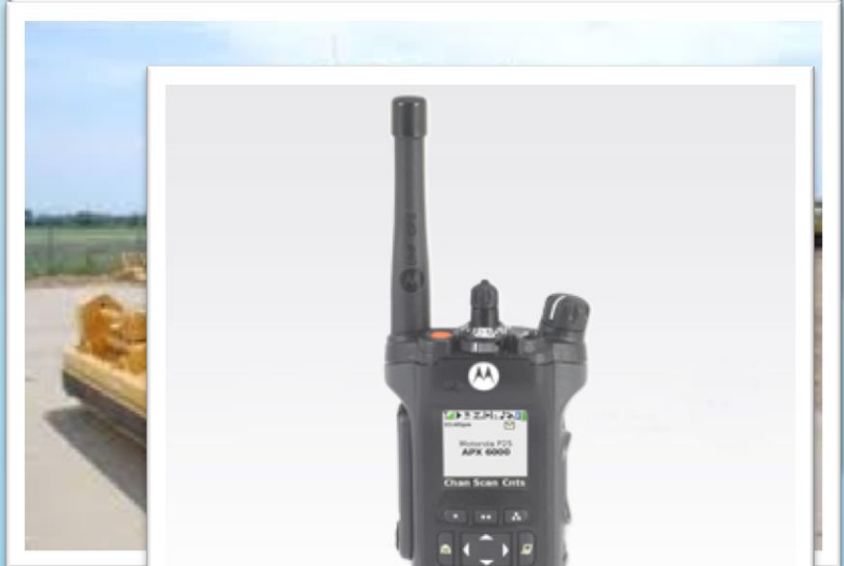
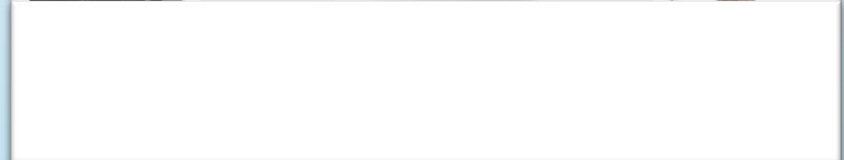
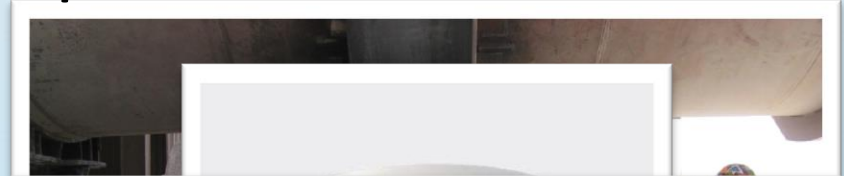
TOTAL \$7.8M



Water

1. Kiln Roller

2. Lab Equipment



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Date (Weds.)	Time	Community Service Area	2016 City Manager's Recommended Budget Topics/Departments Included
11.11.15	9:30* - 11:30 a.m.	2016 Budget Overview	Community Service Area Overviews, Revenue Estimates, Expenditure Overview (incl. Cap. Equip.)
11.18.15	3:30 – 5:30 p.m.	Economic and Community Development	Economic Development, Convention Center, Planning & Comm. Development, Recreation & Youth Services, Aviation
11.25.15	9:30* - 11:30 a.m.	Justice	Police, Law (Prosecutor), Planning & Comm. Dev., Human Relations Council, Courts
12.2.15	3:30 – 5:30 p.m.	Building and Environmental Safety	Fire, Economic Development (Building Inspection), PCD (Housing Inspection), Public Works (Waste Collection), Water (Environmental Protection)
12.9.15	9:30* - 11:30 a.m.	Infrastructure	Water, Pubic Works (Street Maintenance, Engineering), Capital Projects (including debt position), Water, Recreation & Youth Services
12.16.15	3:30 – 5:30 p.m.	Corporate Services, Governance	Finance, Central Services, Civil Service, Public Works, OMB, Public Affairs, Law
12.23.15	9:30* - 11:30 a.m.	Wrap Up	Wrap Up, 2017 Citizen Input process, financial policy updates and accomplishments in early 2016
12.30.15	3:30 – 5:30 p.m.	Back Up	Adoption of Budget Resolution



Thank You.